

**STATE ALLOCATION BOARD**

1130 K Street, Suite 400  
Sacramento, CA 95814  
<http://www.dgs.ca.gov/opsc>



**Date:** February 24, 2003

**To:** Interested Parties

**Subject:** **NOTICE OF THE STATE ALLOCATION BOARD IMPLEMENTATION COMMITTEE MEETING**

Notice is hereby provided that the State Allocation Board Implementation Committee will hold a meeting on Friday, March 7, 2003 (9:30 am-3:30 pm) at the US Bank Plaza, 980 9<sup>th</sup> Street, Conference Room A, B & C, Sacramento CA.

The Implementation Committee's proposed agenda is as follows:

1. Convene Meeting
2. AB 1506 Grant Increase
3. Use of New Construction Grants

Any interested person may present public testimony or comments at this meeting regarding the issues scheduled for discussion. Any public input regarding unscheduled issues should be presented in writing, which may then be scheduled for a future meeting. For additional information, please contact Portia Jacobson at (916) 445-3159.

BRUCE B. HANCOCK  
Chairperson

BBH:pj

**State Allocation Board  
Implementation Committee  
March 7, 2003**

**Implementation of AB 1506  
Grant Adjustments for Labor Compliance Programs**

**BACKGROUND**

Assembly Bill (AB) 1506, Chapter 868, Statutes of 2002, requires that the State Allocation Board (SAB) increase the per-pupil grant amounts in EC Section 17072.10 and 17074.10 to accommodate the State's share of the increased cost of new construction and modernization projects due to the initiation and enforcement of a labor compliance program. The increases must be effective by July 1, 2003.

**DISCUSSION**

*Grant Adjustment Amount*

The cost of a labor compliance program is related to three major activities: initiation, monitoring and enforcement.

Initiation (Start-up): Activities related to the design and installation of systems to monitor such things as certified payroll reports, labor classifications and project staffing. All projects will require this initial effort, but once completed for one project, the start up effort and cost will be significantly less or even nonexistent for subsequent projects. The cost for this activity will not vary significantly due to differences in project cost, complexity, or duration. Estimates for this cost range from a maximum of \$5,000 per project in the Community College information to as much as \$20 thousand for the initial project of a multiproject assignment.

Monitoring: Activities related to the on-going oversight and compliance review of labor law requirements. These activities are the 'heart' of a labor compliance program. The time, and thus the cost, of these activities are largely determined by the duration and the size (cost) of the project. On a monthly basis, the number of contractors and workers on the project will influence the hourly requirements. The total time commitment will be determined by the duration of the project, which is frequently, but not always, relative to the cost of the project. The estimates received to date generally attempt to determine the monthly hours of the project based on the size, and then project the total hours based on the contract duration.

Enforcement: The enforcement activities, such as the withholding of payments to contractors, required hearings and even legal assistance, generally only occur when there are labor law violations. The estimates received vary in approach on this subject. One firm excluded the costs altogether, and indicated that such services would be provided at an hourly rate in excess of the quoted fee. Another firm indicated that all work relative to determining the appropriate withholding and advising district legal counsel was included. The Community College proposal indicated that enforcement was not included. However, it was also noted that "violation efforts should be extremely limited." Because of the project-by-project nature of these costs, it may be necessary to simply add a small amount to all grants for enforcement. In the majority of cases, the funding will not be used for that purpose, and in those where it is needed, it may be more or even significantly less than the actual cost.

Staff is indebted to the following persons for assistance with development of this proposal:

Ernie Silva, Consultant for the California Community College Coalition  
Jay Bell, Parsons Brinckerhoff Construction Service, Inc.  
Ted Rozzi, Corona-Norco Unified School District  
Chad Cheatham, CQC Enterprises

## **PROPOSAL**

The sliding scale in the attachment shall be used to determine the amount of the total additional grant to be added to the project. The calculation shall be made as follows:

The total 'adjusted grant' for the project shall be determined without regard to the LCP costs. The total adjusted grant, less any amount for site acquisition shall be used to determine the appropriate LCP adjustment to the project.

The additional LCP funding amount shall be divided by the total number of pupils in the project and the state share of that amount shall be the per-pupil grant increase for the project.

Example: A new construction project for 510 pupils has a total project cost of \$7,500,000 after reducing out the site acquisition amount. Using the chart, the LCP adjustment is 0.61% or \$45,750. The state share at 50% is \$22,875. The per pupil grant increase (state share) is \$44.85.

No project shall receive a total LCP adjustment of less than \$10,000 split between the state and local contribution as appropriate for the program.

Projects apportioned in full from Proposition 47 prior to the enactment of these regulations, and which are required to have an LCP in place at the time of the fund release, request may receive an additional one time apportionment for the costs associated with the LCP as calculated under these regulations.



**State Allocation Board  
Implementation Committee  
March 7, 2003**

**USE OF NEW CONSTRUCTION GRANTS**

**BACKGROUND**

The State Allocation Board (SAB) Implementation Committee discussed "Use of Grants" in October and November 2002 as well as in January 2003; however, consensus was not reached. Proposed emergency regulations were presented to the SAB at its January 2003 meeting. The SAB delayed action in January on adopting any long-term "Use of Grants" regulations and approved provisions for those districts that had planned projects based on the "Use of Grants" regulations if certain criteria are met as follows:

The project plans were accepted by the Division of the State Architect (DSA) prior to January 23, 2003.

The project does not exceed 135 percent of the capacity of the project.

The district does not utilize multi-track year-round education as a method to house its pupils used for the grant.

The Board also requested staff to return the "Use of Grants" item to the SAB Implementation Committee to develop further "Use of Grants" regulation recommendations, and to consider modifying the definition of a gymnasium to include an athletic stadium.

**DISCUSSION**

The OPSC continues to believe that current regulations for "Use of Grants" lead to inappropriate apportionments, large numbers of inadequately housed students, and funding of projects that did not meet the intent of the law. Since December 2000, approximately 48,000 pupils, or in excess of \$315 million in the State's share, have not been utilized to construct additional classroom facilities. Arguments in support of the current regulations centered primarily on the inadequacy of the base grant. Others are currently reviewing the adequacy of grants. Staff believes that the contention of the inadequacy is not justification for the continuation of the "Use of Grants" regulations in its present form. Staff has developed a revised proposal as outlined below.

**PROPOSAL**

***Housing Plans for All "Use of Grant" Requests***

The resolution required in the regulations is to be discussed at a public hearing at a regularly scheduled meeting of the district's governing board on a date preceding the application filing. The district will not utilize multi-track year-round education as a method to house its pupils used for the grant. The only approvable housing plans to be included in the school board resolutions are as follows:

1. The district will construct or acquire facilities for housing the pupils with funding otherwise available to the SFP as a district match within five years of project approval by the SAB, and the district must identify the source of the funds; or
2. The pupils requested from a different grade level will be housed in classrooms at an existing school in the district which will have its grade level changed, to the grade level requested, at the completion of the proposed SFP project.

### ***Using Pupils From Another Grade Level***

A district may request new construction grants utilizing grant eligibility determined at a different grade level other than the proposed project subject to the following:

1. The current SFP Regulations order of use will remain (i.e., use the lowest grade level available after utilizing all pupil grants for the proposed project grade level).
2. Special Day Class pupil eligibility cannot be requested to construct facilities for a different grade level.
3. The request does not exceed the capacity of the project, unless the project also includes a request as described below (see *Requesting Excess Pupil Grants*).

### ***Requesting Excess Pupil Grants***

A district may request new construction grants that exceed the capacity of the project subject to the following:

1. When requesting grants for a project at an existing school site that includes no more than eight classrooms and the project includes the construction of a multipurpose, gymnasium or library that does not have an existing or adequate facility of the type being requested.
2. Special Day Class pupil eligibility cannot be requested to construct a multipurpose, gymnasium or library.
3. Existing school sites that have been previously approved for SFP new construction grants for a total of nine or more classrooms may not request this type of "Use of Grants".
4. The amount of excess pupils grants will be limited to no more than the pupils commensurate to the grants necessary to construct the size multipurpose, gymnasium or library as calculated under SFP Facility Hardship, Regulation Section 1859.82(b) (see Attachment A for example).

### ***Grandfathering Provisions***

"Grandfathering" provisions are included as follows:

1. Permit "Use of Grants" requests under Regulation Section 1859.77.2, as amended by the SAB on January 22, 2003, as long as the project plans and specifications were accepted by the DSA prior to January 23, 2003.
2. Include provisions to permit "Use of Grants" requests for excess pupil grants where clear language was included in the local bond that specifically identified the project that the district planned based on the "Use of Grants" regulations in place at that time of the bond election.

### ***Amending Applications or "Use of Grant" Requests***

If a district wishes to amend its application to include or increase its "Use of Grants" request after the submittal to the Office of Public School Construction (OPSC), the district must request in writing that the application be withdrawn and removed from the OPSC workload list. The resubmitted application will receive a new processing date by the OPSC.

### ***Athletic Stadiums***

At its January meeting, the Board requested staff to consider modifying the definition of a gymnasium to include an athletic stadium. After further review, it would appear that these type facilities may be better accommodated by changes to the Joint-Use regulations.

## **RECOMMENDATIONS**

1. Amend Regulation Section 1859.77.2 to expand the "grandfathering" provisions as noted above.
2. Adopt Regulation Section 1859.77.3 to include provisions as outlined above.

## ATTACHMENT A

### USE OF NEW CONSTRUCTION GRANTS

#### Excess Pupil Grants Example

The amount of excess pupils grants will be limited to no more than the pupils commensurate to the grants necessary to construct the size multipurpose, gymnasium or library as calculated under SFP Facility Hardship, Regulation Section 1859.82(b). An example is as follows:

#### EXAMPLE:

A district has an existing K-6 campus with the current CBEDS of 500. The campus has only a 1,000 square foot serving kitchen but does not have a multipurpose room. The district has SFP K-6 eligibility totaling 250 unhoused K-6 pupils and wishes to construct a multipurpose room for this campus.

1. Multiply the current CBEDS for the site by the square footage for the type of facility being requested, pursuant to Section 1859.82(b)<sup>1</sup>.

$$500 \times 5.3 \text{ sq. ft. per pupil} = 2,650 \text{ sq. ft. with a minimum of 4,000 sq. ft.}$$

2. Multiply the product in 1. above by the per square foot grant amount for multipurpose, gymnasium or library facilities pursuant to Section 1859.82(b).

$$4,000 \text{ sq. ft.} \times \$107^2 = \$428,000$$

3. Divide the product in 2. above by the New Construction Grant amount for the project grade level, rounded up to the nearest whole number.

$$\$428,000 / \$5,840^3 = 73.288 \text{ or } 74 \text{ pupils}$$

The maximum amount of excess pupils that the district may include in its "Use of Grants" request in this example is 74 pupils, plus any adjustments or site development costs that the project would be eligible for otherwise. If the district had also included two classrooms in its project, the maximum number of pupil grants would have been 124 pupils.

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<sup>1</sup> The minimum essential facilities in SFP Regulation Section 1859.82(b) for an elementary school multipurpose room are 5.3 square feet per pupil with a minimum of 4,000 square feet.

<sup>2</sup> \$107 represents the State's 50 percent share only.

<sup>3</sup> \$5,840 represents the State's 50 percent share only for elementary new construction.

**ATTACHMENT**  
**State Allocation Board Implementation Committee**  
**March 7, 2003**

**Total Project increase for AB 1506**

<b>Total Project Cost</b>	<b>factor</b>	<b>low</b>	<b>max</b>	<b>State at 50/50</b>	<b>State at 80/20</b>	<b>State at 60/40</b>
\$1 to \$1, 999,999	1.6	\$10,000	\$32,000	16,000	\$25,600	\$19,200
\$2m to 2,999,999	1.15	\$23,000	\$34,500	17,250	\$27,600	\$20,700
\$3m to \$3,999,999	0.9	\$27,000	\$36,000	18,000	\$28,800	\$21,600
\$4m to 7,999,999	0.61	\$24,400	\$48,800	24,400	\$39,040	\$29,280
\$8m to 9,999,999	0.55	\$44,000	\$55,000	27,500	\$44,000	\$33,000
\$10m to 14,999,999	0.52	\$52,000	\$78,000	39,000	\$62,400	\$46,800
\$15m to \$19,999,999	0.5	\$75,000	\$100,000	50,000	\$80,000	\$60,000
Over \$20m to 100m	0.45	\$90,000	\$450,000	225,000	\$360,000	\$270,000
over \$100 million	0.4					

**Notes:**

1. The calculation in any category shall not result in an amount less than the maximum in the preceeding level.
2. The minimum for any project shall be \$10,000



**ATTACHMENT**  
**State Allocation Board Implementation Committee**  
**March 7, 2003**

**AB 1506 Grant Adjustments Using Community College Scale**

Grade Level	Classrooms	Grants	Total Project Cost	Const Cost (est)**	1506 Amt	% of Total Project Cost	Per Pupil Adjustment	State	Dist
<b>New Construction 50/50</b>									
sdh-hs	2	11	\$488,812	\$391,050	\$7,782	1.59	\$707.44	\$353.72	\$353.72
hs	4	51	\$1,030,964	\$824,771	\$16,413	1.59	\$321.82	\$160.91	\$160.91
elem	8	200	\$2,592,864	\$2,074,291	\$29,870	1.15	\$149.35	\$74.67	\$74.67
Cont hs	13	108	\$2,801,568	\$2,241,254	\$32,274	1.15	\$298.83	\$149.42	\$149.42
hs	5	135	\$3,864,028	\$3,091,222	\$30,912	0.80	\$228.98	\$114.49	\$114.49
elem	14	510	\$7,537,828	\$6,030,262	\$45,830	0.61	\$89.86	\$44.93	\$44.93
elem	27	675	\$10,029,674	\$8,023,739	\$55,364	0.55	\$82.02	\$41.01	\$41.01
elem	35	987	\$13,636,864	\$10,909,491	\$74,185	0.54	\$75.16	\$37.58	\$37.58
elem	53	1365	\$22,204,060	\$17,763,248	\$111,908	0.50	\$81.98	\$40.99	\$40.99
hs	84	2948	\$113,694,407	\$90,955,526	\$518,446	0.46	\$175.86	\$87.93	\$87.93
<b>Modernization 80/20</b>									
elem		50	\$241,788	\$193,430	\$3,849	1.59	\$76.99	\$61.59	\$15.40
elem		150	\$537,444	\$429,955	\$8,556	1.59	\$57.04	\$45.63	\$11.41
elem		123	\$641,098	\$512,878	\$10,206	1.59	\$82.98	\$66.38	\$16.60
elem		250	\$795,354	\$636,283	\$12,662	1.59	\$50.65	\$40.52	\$10.13
elem		202	\$835,489	\$668,391	\$13,301	1.59	\$65.85	\$52.68	\$13.17
elem		450	\$1,542,831	\$1,234,265	\$23,821	1.54	\$52.94	\$42.35	\$10.59
hs		578	\$2,546,566	\$2,037,253	\$29,336	1.15	\$50.76	\$40.60	\$10.15
elem		579	\$2,621,607	\$2,097,286	\$30,201	1.15	\$52.16	\$41.73	\$10.43
jhs		868	\$3,087,558	\$2,470,046	\$35,569	1.15	\$40.98	\$32.78	\$8.20
hs		1255	\$7,527,532	\$6,022,026	\$43,359	0.58	\$34.55	\$27.64	\$6.91
<b>Modernization 60/40</b>									
elem		50	\$241,788	\$193,430	\$3,849	1.59	\$76.99	\$46.19	\$30.79
elem		150	\$537,444	\$429,955	\$8,556	1.59	\$57.04	\$34.22	\$22.82
elem		123	\$641,098	\$512,878	\$10,206	1.59	\$82.98	\$49.79	\$33.19
elem		250	\$795,354	\$636,283	\$12,662	1.59	\$50.65	\$30.39	\$20.26
elem		202	\$835,489	\$668,391	\$13,301	1.59	\$65.85	\$39.51	\$26.34
elem		450	\$1,542,831	\$1,234,265	\$23,821	1.54	\$52.94	\$31.76	\$21.17
hs		578	\$2,546,566	\$2,037,253	\$29,336	1.15	\$50.76	\$30.45	\$20.30
elem		579	\$2,621,607	\$2,097,286	\$30,201	1.15	\$52.16	\$31.30	\$20.86
jhs		868	\$3,087,558	\$2,470,046	\$35,569	1.15	\$40.98	\$24.59	\$16.39
hs		1255	\$7,527,532	\$6,022,026	\$43,359	0.58	\$34.55	\$20.73	\$13.82

\*\* Assumed to be 80% of the Total Project Cost

## NEW CONSTRUCTION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
HS Addition	\$16,500,000	63,000	18 months	540	\$82,875	\$153.47	\$76.74	0.50%
New Elem	\$15,000,000	65,000	16 months	900	\$75,225	\$83.58	\$41.79	0.50%
New High School	\$17,000,000	85,000	18 months	1,200	\$85,000	\$70.83	\$35.42	0.50%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$102,000	\$68.00	\$34.00	0.41%
New High School	\$75,000,000	325,000	37 months	3,500	\$297,500	\$85.00	\$42.50	0.40%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil		
HS Addition	\$16,500,000	63,000	18 months	540	\$60,320	\$111.70	\$55.85	0.37%
New Elem	\$15,000,000	65,000	16 months	900	\$55,840	\$62.04	\$31.02	0.37%
New High School	\$17,000,000	85,000	18 months	1,200	\$60,320	\$50.27	\$25.13	0.35%
New Middle School	\$25,000,000	150,000	35 months	1,500	\$137,600	\$91.73	\$45.87	0.55%
New High School	\$75,000,000	325,000	37 months	3,500	\$351,520	\$100.43	\$50.22	0.47%

Estimate No. 1 Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases.

Estimate No. 2 For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$20 thousand was added to each of the estimates above.

## MODERNIZATION PROJECTS

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$39,747	\$40.07	\$24.04	0.71%
BV High	\$2,000,000	28,199		405	\$15,479	\$38.22	\$22.93	0.77%
C High	\$1,200,000	21,189		237	\$11,631	\$49.08	\$29.45	0.97%
H Elem	\$1,900,000	24,477		531	\$13,436	\$25.30	\$15.18	0.71%
R Elem	\$2,400,000	29,784		475	\$16,349	\$34.42	\$20.65	0.68%
S Elem	\$2,400,000	35,310		744	\$19,383	\$26.05	\$15.63	0.81%
Totals	\$15,500,000	211,367		3,384	\$116,025	\$34.29	\$20.57	0.75%

Using Estimate Number 2								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 2	Per Pupil	State Share	% of const cost
A* Intermediate	\$5,600,000	72,408		992	\$50,320	\$50.73	\$30.44	0.90%
BV High	\$2,000,000	28,199		405	\$23,440	\$57.88	\$34.73	1.17%
C High	\$1,200,000	21,189		237	\$23,440	\$98.90	\$59.34	1.95%
H Elem	\$1,900,000	24,477		531	\$23,440	\$44.14	\$26.49	1.23%
R Elem	\$2,400,000	29,784		475	\$30,160	\$63.49	\$38.10	1.26%
S Elem	\$2,400,000	35,310		744	\$30,160	\$40.54	\$24.32	1.26%
Totals	\$15,500,000	211,367		3,384	\$180,960	\$53.48	\$32.09	1.17%

Estimate No. 1 Written estimate using 'not to exceed' figures. The basic hourly rate used was \$85. The firm also proposed a 'start up' fee of 0.15% per project. This was not added in to the estimates because used hours, if any, were to be applied to the fee. Thus, there may be an additional amount above the not to exceed amount in some cases. In this estimate, the firm gave a quote for all the projects as a single contract. This quote was prorated here for the purpose of the discussion.

Estimate No. 2 For the first \$10 million in contract cost, and for each additional \$10 million of cost: 8 hr of inspection at \$80 and 8 hrs of accounting at \$60. The consultant also advised a 'start up' cost of from \$10 to \$20 thousand per project. \$10 thousand was added to each of the estimates above.

ATTACHMENT  
Vista Est.  
State Allocation Board Implementation Committee  
March 7, 2003

**LABOR COMPLIANCE ESTIMATES #3**

**NEW CONSTRUCTION PROJECTS**

Using Estimate Number 3								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
HS	\$11,000,000		24		\$41,250		\$0.00	0.38%
Oak Elem	\$9,800,000		15		\$25,212		\$0.00	0.26%
Marilyn Elem	\$9,800,000		15		\$25,608		\$0.00	0.26%
Totals	\$30,600,000	0		0	\$92,070		\$0.00	0.30%

**MODERNIZATION PROJECTS**

Using Estimate Number 1								
Project	Cost	Sq. Ft.	Duration	Capacity	Estimate 1	Per Pupil	State Share	% of const cost
Acacemy	\$100,000		4		\$6,512		\$0.00	6.51%
Elem	\$1,100,000		4		\$6,512		\$0.00	0.59%
Elem	\$1,100,000		4		\$6,512		\$0.00	0.59%
Elem	\$700,000		4		\$6,512		\$0.00	0.93%
Casita Center	\$2,500,000		12		\$20,031		\$0.00	0.80%
Lincoln Middle	\$1,100,000		4		\$6,512		\$0.00	0.59%
** Ave	\$1,000,000		12		\$20,031		\$0.00	2.00%
Totals	\$7,600,000	0		0	\$116,025		\$0.00	1.53%